GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:5627
ANSWERED ON:30.08.2001
INVESTMENT IN GAS EXPLORATION IN RAJASTHAN
ASHOK ARGAL

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Oil India Limited has invested a huge capital in gas exploration in Rajasthan without informing the Board of Directors of Government or going into the feasibility aspect of the investment;

(b) if so, the investment made and total expenditure incurred in the project;

(c) whether heavy losses have been suffered in this investment; and

(d) if so, the details thereof and the action taken against the persons responsible for such losses?

Answer

THE MINISTER OF STATE FOR PETROLEUM AND NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

(a) to (d): A Statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (d) of Lok Sabha Unstarred Question No.5627 for answer on 30.8.2001 regarding Investment in Gas Exploration in Rajasthan.

(a) & (b): A total amount of Rs.391.17 crores including Rs.60.55 crores towards capital expenditure was incurred by Oil India Ltd. on exploration & development of gas in Rajasthan with due approval of the competent authority.

(c) & (d): Revenues of OIL were less than the projections mainly due to the following factors:

(i) The calorific value of the combined gas from Dandewala & Tanot fields is around 4000-4100 per Kilo Calories (K.Cal) per Standard Cubic Meter(SCUM) as against the projection of 5600 Kilo Calories from the Tanot field.

(ii) The discovery of Dandewala field & the subsequent gas analysis revealed presence of carbondioxide in the gas. Presence of carbondioxide along with water being highly corrosive, the Company had to upgrade the equipment design in the field to premium grade stainless steel materials resulting in a multifold increase in costs

The consumer price of gas is linked to a calorific value of 10,000 K.Cal per SCUMFor a period from 1.1.96 to 30.9.1997, the producer price of gas payable to OIL was fixed at Rs.1650 per thousand cubic meter with an increase by 1% for every 10% change in the consumer price index. The reimbursement claims of producer company for difference in producer price and consumer price are processed in accordance with the extant Gas Pricing orders.